

ASSEMBLY BILL

No. 384

Introduced by Assembly Member Ma

February 23, 2009

An act to amend Sections 1339 and 3075 of, and to add Section 3076 to, the Unemployment Insurance Code, relating to unemployment compensation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 384, as introduced, Ma. Unemployment compensation: disability benefits: payment of benefits.

Existing law authorizes the Employment Development Department to administer the state unemployment insurance and the disability compensation programs. Existing law requires the department, among other duties, to make unemployment compensation payments by a check or pay order that is permanently imprinted with a specified statement, as provided, and to make disability benefits payments by checks drawn on a specified bank, as provided.

This bill would delete the requirement to include the imprinted statement on payments of unemployment compensation and disability benefits. This bill would also make technical, nonsubstantive changes to those provisions.

This bill would also authorize the department to pay disability compensation benefits by use of electronic technology, including, but not limited to, benefit cards. The bill would require the department, if it elects to pay those benefits using electronic technology, to select a vender, by a competitive bid process, to provide for this payment process, and would prescribe criteria for the selection of such a vendor.

The bill would declare that it shall take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1339 of the Unemployment Insurance
2 Code is amended to read:

3 1339. ~~(a)~~ The department shall pay unemployment
4 compensation benefits through public employment offices or such
5 other agency as may be prescribed by authorized regulations of
6 the director.

7 ~~(b) Each check or certification (pay order) issued in payment~~
8 ~~of unemployment insurance compensation benefits shall have~~
9 ~~prominently imprinted upon it: "State unemployment insurance~~
10 ~~benefits under the California Unemployment Insurance Code are~~
11 ~~paid for by employers."~~

12 SEC. 2. Section 3075 of the Unemployment Insurance Code
13 is amended to read:

14 3075. The director shall, without presenting vouchers and
15 itemized statements, withdraw from the Disability Fund any sums
16 ~~which that~~ he or she deems necessary for the payment of disability
17 benefits for a reasonable future period. The Controller shall draw
18 his or her warrant for any claim presented by the director for such
19 payment and the Treasurer shall pay the warrant. Upon the
20 withdrawal thereof, ~~such those~~ sums shall be deposited in a
21 disability benefit payment account in such bank or public
22 depository and under ~~such those~~ conditions as the director
23 determines, with the approval of the Department of Finance. ~~Such~~
24 ~~The~~ bank or public depository shall be one in which general funds
25 of the state may be deposited, but no public deposit insurance
26 charge or premium shall be paid out of ~~such that~~ account. Money
27 in this account shall be used solely to pay disability benefits ~~by~~
28 ~~checks drawn on the account~~ by the department pursuant to
29 authorized regulations and no other disbursement shall be made
30 from that account, except that amounts erroneously and illegally
31 deposited in ~~such that~~ account may be refunded. The procedure
32 prescribed by ~~such those~~ regulations shall satisfy and be in lieu of
33 any and all statutory requirements of specific appropriation or

1 other form of release by state officers of money in their custody
2 prior to expenditure ~~which~~ *that* might otherwise be applicable to
3 withdrawals from ~~such~~ *that* account.

4 SEC. 3. Section 3076 is added to the Unemployment Insurance
5 Code, to read:

6 3076. (a) The department may pay benefits due under this part
7 by use of electronic technology, including, but not limited to,
8 benefit cards. If the department elects to pay benefits using
9 electronic technology, it shall select a vendor, by a competitive
10 bid process, to provide for this payment process.

11 (b) The selection of a vendor responsible for implementing an
12 electronic technology payment process pursuant to subdivision (a)
13 shall be based on consideration of the following criteria:

14 (1) The ability of beneficiaries to obtain funds without excessive
15 fees, as determined by the department.

16 (2) The amount of estimated fees the vendor will charge
17 beneficiaries for the use of electronic technology to pay benefits.

18 (3) The adequacy of privacy safeguards for beneficiaries.

19 (4) Vendor responsibility for user education and information
20 technology assistance services such as help desk services.

21 (5) Methods of access to account information.

22 (6) Liability.

23 (7) Degree of access to funds.

24 SEC. 4. This act is an urgency statute necessary for the
25 immediate preservation of the public peace, health, or safety within
26 the meaning of Article IV of the Constitution and shall go into
27 immediate effect. The facts constituting the necessity are:

28 In order to make necessary changes to the disability
29 compensation benefit program to allow for the payment of benefits
30 by use of electronic technology, at the earliest possible time,
31 thereby decreasing costs and improving the efficiency of the
32 programs, it is necessary that this act take effect immediately.